



Director of Central Intelligence

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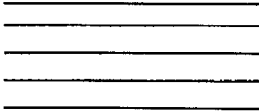


National Intelligence Daily

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APPROVED FOR RELEASE
DATE: JUL 2001

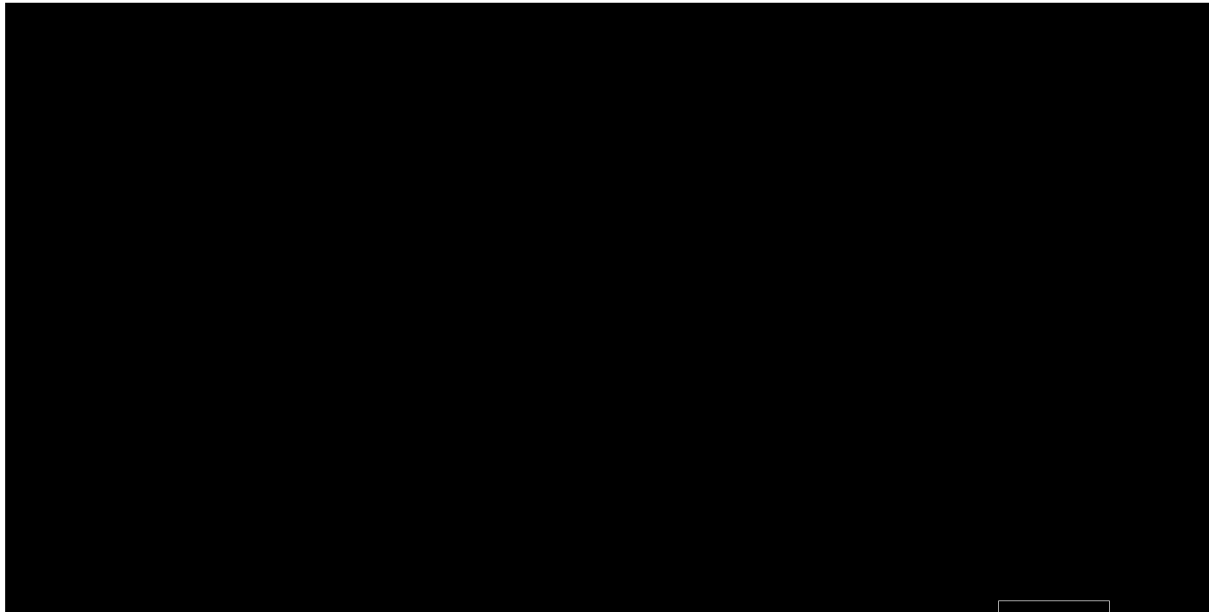
Monday, 1 June 1998



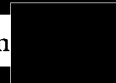
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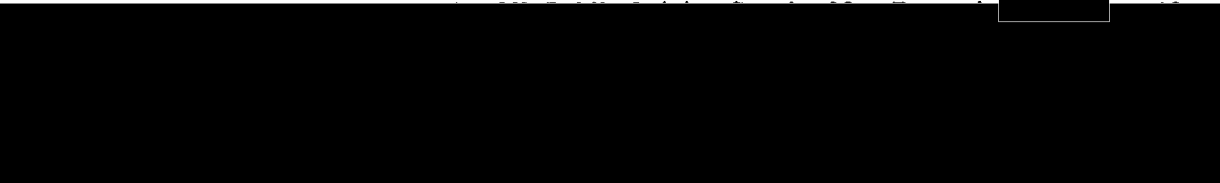
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UMBRA NOFORN ORCON



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1 June 1998

Special Analyses

PAKISTAN:

Sanctions Could Inflamm Anti-Americanism [REDACTED]

Sanctions on Pakistan will feed anti-US sentiment because Pakistanis will view them as discriminatory. [REDACTED] anti-US demonstrations already are planned.

- Editorials in major Pakistani newspapers are repeating the common refrain that the sanctions would unfairly punish Pakistan while exonerating the real offender, India.
- Many Pakistanis claim Washington wants to keep Pakistan poor and dependent. [REDACTED]

In response to sanctions, Islamabad may have to adopt policies over the next year that further erode the limited buying power of the average Pakistani and fuel additional resentment toward the US. Additional cuts in imports—already reduced to essential goods such as food, fuel, and industrial inputs—and a depreciating rupee will increase the costs of basic goods.

- *Failure to cut spending will force Islamabad to finance its deficit locally, which will crowd out domestic capital building.*
- *Lower investment will increase unemployment in urban areas, where at least one-third of the population lives on less than one dollar a day.* [REDACTED]

Good Political Theater [REDACTED]

Prime Minister Sharif's political opponents, such as former Prime Minister Benazir Bhutto and Jamaat-i-Islami (JI) chief Qazi Hussain Ahmed, will use the sanctions issue to their political advantage. Ahmed, whose followers command significant "street power," has a history of whipping up anti-US sentiment.

- In September 1996 a group of JI members pelted the US Consulate in Lahore with bricks, and last August the JI burned the American flag and torched effigies of President Clinton in Karachi. [REDACTED]